



Stephanie Rawlings-Blake
Mayor

PLANNING COMMISSION

Wilbur E. "Bill" Cunningham, Chairman

STAFF REPORT



Thomas J. Stosur
Director

September 2, 2010

REQUEST: City Council Bill #10-0588/ Baltimore City Board of School Commissioners
School System revenue bonds

RECOMMENDATION: Approval

STAFF: Laurie Feinberg

PETITIONER: Baltimore City Public School System (BCPS).

BACKGROUND/HISTORY

CONFORMITY TO PLANS

This funding is in conformance with the approved Educational Facilities Master Plan (EFMP) which was developed in conjunction with LIVE EARN PLAY LEARN, and is cross-referenced in that plan.

ANALYSIS

The American Recovery and Reinvestment Act (ARRA) of 2009 authorized \$22 billion of bonding capacity for school districts nationwide. They are called Qualified School Construction Bonds (QSCB). A large portion of the bonding authority was allocated to the top 100, Title I, Local Educational Authorities (LEAs), including Baltimore City. These bonds are tax credit bonds for which only the principal must be repaid to the bond holders. Baltimore City was initially awarded \$116.2 million in QSCB authority over two years. This was reduced to \$111 million. They must be paid over 15 years

The bonds must be issued in the calendar year that they are received or they will revert to the State. City Schools received the first authorization in June 2009, City Council Bill 09-417 and this is the second and final authorization. The LEA has three years from the date of issuance to spend the stimulus dollars and ten percent must be spent within six months of issuance. The bond proceeds may be spent on new school construction including acquisition, renovation, systemic renovations, and selected equipment for new and renovated schools.

BCPS has spent their initial \$50 million for the 2009 authorization and below list their budget for the current \$60.8 million.

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB) FOR 2010

MAXIMUM ISSUE AMOUNT = \$60,826,000

| CATEGORY | AMOUNT |
|---|---------------------|
| Cost of Bond Issuance | \$300,000 |
| Interest Rate Paid to Holders (4.5%) | \$2,737,170 |
| Dr. Alonso Program for All Schools | \$14,000,000 |
| Local Contribution for FY11 Projects | \$5,211,000 |
| Local Contribution for FY12 CIP Projects | \$5,000,000 |
| Expanding Great Option – 2011 Schools | \$15,000,000 |
| Expanding Great Options – Year 2 Schools | \$10,000,000 |
| Minor Renovation/Systemic Projects | \$1,577,830 |
| Restore Capital Budget Cuts – Local (CTE) | \$7,000,000 |
| TOTAL | \$60,826,000 |

Planning staff finds that these funds will be used for the necessary and desirable purpose of renovating and improving public school facilities.

The Baltimore City Public Schools Board of School Commissioners were notified of this Planning Commission action.

Thomas J. Stosur
Director